

INTERIM REPORT
TO SHAREHOLDERS

for the 24 weeks ended September 13, 1969

To the Shareholders:

Earnings for the twenty-four weeks ended September 13, 1969, amounted to \$116,079 as compared with a loss of \$20,726 for the corresponding period of the prior year. It should be stated that the company's operations have been consistently profitable for the current year, and present prospects indicate a continuity of this trend.

It is felt that the problems which contributed to the 1968 fiscal deficit have largely been overcome, and the new management team is optimistic regarding future results. Pursuant to its program to eliminate unprofitable divisions of the business, your executive disposed of the company's plant and equipment in Windsor, Ontario, thus eliminating unnecessary duplication of expenses, whilst still continuing to serve the southern Ontario district effectively from the Hamilton location. This action relieves the former loss situation previously prevalent in Windsor, and releases substantial working capital for its more productive deployment to other areas of the firm's activities.

Your directors are of the opinion that the improvement in performance will be maintained throughout the fiscal year.

October 23, 1969

President

INTERIM REPORT TO SHAREHOLDERS (Unaudited)

Financial Summary for the 24 weeks ended September 13, 1969

STATEMENT OF EARNINGS

	1969 \$	1968 \$
SALES	<u>14,546,262</u>	<u>15,544,680</u>
COST OF RAW MATERIALS	<u>11,523,652</u>	<u>12,385,071</u>
OPERATING, SELLING AND DISTRIBUTION EXPENSE	<u>2,843,791</u>	<u>3,110,235</u>
DEPRECIATION EXPENSE	<u>62,740</u>	<u>77,100</u>
	<u>14,430,183</u>	<u>15,572,406</u>
NET EARNINGS (LOSS) BEFORE TAXES	<u>116,079</u>	<u>(27,726)</u>
PROVISION FOR (RECOVERY OF) INCOME TAXES	<u>57,000</u>	<u>(7,000)</u>
Less: Reduction due to Losses of Prior Years	<u>57,000</u>	<u>—</u>
	<u>—</u>	<u>(7,000)</u>
NET EARNINGS (LOSS) FOR THE PERIOD	<u>116,079</u>	<u>(20,726)</u>

STATEMENT OF SOURCE AND USE OF FUNDS

SOURCE OF FUNDS

NET EARNINGS (LOSS) FOR THE PERIOD	116,079	(20,726)
Add: Charge not requiring cash outlay Depreciation	<u>62,740</u>	<u>77,100</u>
	<u>178,819</u>	<u>56,374</u>
PROCEEDS FROM DISPOSAL OF FIXED ASSETS	<u>133,500</u>	<u>—</u>
	<u>312,319</u>	<u>56,374</u>

USE OF FUNDS

PURCHASE OF FIXED ASSETS	147	87,610
PAYMENT OF DIVIDENDS	<u>—</u>	<u>4,716</u>
	<u>147</u>	<u>92,326</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>312,172</u>	<u>(35,952)</u>
WORKING CAPITAL - Beginning of Period	<u>251,195</u>	<u>539,165</u>
- End of Period	<u>563,367</u>	<u>503,213</u>

The disposition of the Plant and Equipment at Windsor, Ontario was for a consideration of \$101,000 less than its net book value (See report).